

## **Senator Kent Conrad (D-ND) - Senate Floor Statements on Low Growth Budget Resolution and Economic Stimulus - 11/13/01**

Mr. CONRAD. Madam President, last Thursday, the Budget Committee reported this joint resolution which would suspend several budget enforcement mechanisms. We reported unfavorably in the Budget Committee by a unanimous vote of 22-to-0. I am certain people wonder why we have a resolution that the budget committee rejected unanimously; how that can happen.

It happens because it is required by law to bring this matter to the floor, even though the Budget Committee has unanimously rejected its elements. The reason for that is, whenever economic growth is below 1 percent for two consecutive quarters, the balanced budget amendment requires that the Congressional Budget Office should issue a low-growth report. They did that on October 31.

The Senate is now required to consider this joint resolution which would suspend five budget enforcement mechanisms. Those mechanisms have elements as follows: points of order against tax cuts or spending that violate the budget resolution; the discretionary spending cap point of order; the point of order enforcing 302(a) and 302(b) spending allocations; the point of order against amendments to reconciliation bills, unless the amendments are deficit-neutral; and sequestration of discretionary and mandatory spending. All of those things would be tossed out and would not apply if we accepted this resolution.

Senator Domenici, the ranking member of the Senate Budget Committee, and I, and our Budget Committee colleagues, on a bipartisan basis, are united in opposing the resolution and urge all Senators to vote to defeat it. As I indicated, the Senate is required to take up this resolution. It is required by the Budget Act. However, it would be a mistake to adopt it because that would take away all protections to maintain fiscal discipline.

The economic rationale for suspending budget enforcement procedures during periods of low economic growth is that such procedures might make it more difficult to enact stimulative measures quickly. We have already seen that Congress has responded quickly to enact \$40 billion in supplemental emergency spending. It is important to weigh the real risk that long-term budget discipline will be undermined against the question of putting in place this resolution.

I believe in current circumstances that the risk is too great and it does not make sense to suspend these elements of budget discipline to provide for the easier passage of tax cuts or additional spending. Again, we have seen Congress act quickly to put in place stimulative spending. We have seen Congress act quickly this session to put in place tax cuts.

When the chairmen and ranking members of the House and Senate Budget Committees issued their principles for economic stimulus a month ago, we recognized that we were facing extraordinary circumstances and that Congress and the President would provide the resources necessary to respond to the events of September 11. I am certain our budget enforcement procedures will not prevent that from happening.

I think every Member of this Chamber understands that our top priority is to defend this Nation. In addition, we must work to rebuild that which has been destroyed and we must be prepared to counterattack those who, in such a vicious way, have engaged in a sneak attack on our country.

We also recognize that an economic stimulus package should not undermine long-term fiscal discipline, which is essential to sustained economic growth. I believe preserving our budget enforcement tools will be very important in helping us to adhere to this critical overall principle.

Policies that adhere to the principles laid down by the joint House and Senate Budget Committee leadership are not likely to be held up by our budget enforcement procedures. In contrast, proposals that violate the principles, especially those that worsen the long-term budget outlook by imposing substantial outyear budget costs, should be subject to normal budget procedures.

The suspension resolution would have us decide now, in one fell swoop, whether to suspend budget enforcement for the next 2 years. I think it is very important that everybody understand what would happen if we went against the recommendation of the Budget Committee and threw out these budget procedures. There would be no protections, no special protections for fiscal discipline for the next 2 years. I think such a blanket waiver would be most unwise. We will be much better off if we continue to look at each bill and amendment individually and retain the ability to invoke budget enforcement procedures against those that threaten our long-term fiscal discipline. This is a fundamental way we protect the integrity of the trust funds of Social Security and Medicare for the long term.

I might add that passing this joint resolution would be unprecedented. We have only gone through this once before, in 1991, the last time the economy was in recession. At that time, the Congressional Budget Office issued three successive low-growth

reports leading to the introduction of three resolutions to suspend budget enforcement procedures. Each time, the Budget Committee reported out unfavorably and the resolution was defeated overwhelmingly on the Senate floor in bipartisan votes.

The Senate made the right decision then, and we should make the same decision now. We have the will to enact a stimulus proposal. In fact, one will be on the floor this afternoon. We have the ability to do that under normal budget procedures, and it is critically important to maintain our long-term fiscal discipline.

If there is one thing every economist has told us who has come before the Finance Committee, of which I am a member, and the Budget Committee, of which I am a member, it is that we need to couple short-term stimulus with long-term fiscal discipline. It is that combination of policies that is most likely to allow us to emerge from this economic slowdown.

I refer back to what happened in 1991 because I think it is important for our colleagues to know this. In that year, on three occasions these resolutions came before the Budget Committee and then came to the floor. These resolutions were the same as the one we consider today. They would have suspended all of the budget enforcement procedures.

Here is what happened in the Budget Committee. On January 24, 1991, they reported unfavorably, in a vote of 21-to-0 on that resolution. Then the full Senate voted on January 31, and they defeated it 97-to-2.

I think the record with respect to what occurred is very clear. The same thing happened on May 7, when the resolution was taken up again. A second low-growth report was issued by the Congressional Budget Office, and on May 7 the Senate considered it and defeated it 21-to-0, reporting it unfavorably on a unanimous vote.

The Senate took it up on May 9, again under special procedures, and rejected it 92-to-5. Again, on September 12, another low-growth resolution came before the Senate Budget Committee and it was rejected on a vote of 19-to-2. That one came to the floor of the Senate and was rejected 88-to-8.

I think it is clear that the Senate has determined these procedures ought not to be abandoned, even at a time of sharp economic slowdown, certainly not in the circumstances we face today. So we are here to vote on this joint resolution because the Balanced Budget Act requires us to do so. But Senator DOMENICI and I are united in our strong opposition to the joint resolution. We are joined in that position by every member of the Senate Budget Committee. On a unanimous vote we reported this resolution unfavorably and urge our colleagues to reject it.

I yield the floor.

Mr. CONRAD. Madam President, I thank the Senator from New Mexico, the ranking member of the Budget Committee and the former chairman of the Budget Committee for his remarks, and for his strong support in rejecting the resolution that would abandon fiscal discipline. I think this is another example of our working together in a way that is absolutely great for the country.

After the series of events on September 11, the House and Senate budget committees and Senator Domenici and I joined with our House colleagues. We met together to give an update to our colleagues on the fiscal condition of the country. We met with the head of the Office of Management and Budget. We were able to give a report to our colleagues on where we stand at the moment.

We also agreed on a set of principles to apply to a stimulus package. We were able to do that on a bipartisan basis, and I might say without a raised voice and without an angry word between us. We weren't in perfect agreement; certainly not. We compromised. But we did in the end come together around a set of principles that we thought were important.

One of the reasons we thought it was important to come together was that we believed our Nation needed a stimulus package. I think the evidence overwhelmingly proves that is the case.

This chart shows what has happened to economic growth from 1999 to the most recent quarter. What has triggered our being here today are these last two quarters where you can see that we are below 1-percent growth. We are at .3 percent in the quarter previous to the most recent one. During the most recent one, we saw a negative growth in the Nation's economy. That triggered the resolution that has brought us here today. The Budget Act requires that when you have two quarters of low growth, you then must consider in the Budget Committee and on the floor these provisions to suspend all of the budget points of order--those things that we use to maintain fiscal discipline.

All of the indices are telling us that the economy has hit a difficult period. We can see what happened to civilian unemployment. We can see back in 2000 that we were down at less than 4 percent--a remarkable period. In fact, we are at the lowest level of unemployment in this Nation in 30 years.

But look at what has happened since. Look at what has happened since the events of September 11. Unemployment has risen dramatically, and is still rising. The distinguished occupant of the chair knows this well. She represents the State of Washington. One of the major employers there is Boeing. Boeing has announced the layoffs of tens of thousands of their employees. That is through no fault of theirs. It is not through any inability to compete, but it is because hundreds of contracts for airliners have been canceled by the airline industry.

Their loads have been reduced 30 to 50 percent. That is the economic reality for one critical industry in this country; and it is very serious business.

It is not just the airline industry. It is industry after industry that is engaged in massive layoffs. I recently met with financial leaders in New York. They told me they are in the process or getting ready to lay off 20 percent of their employees. These are major financial institutions in this country and in the world, and they are getting ready to lay off massive numbers of their employees because of the economic slowdown. Those numbers are not yet seen in this increase in unemployment that is already in evidence.

It does not end there because we also see consumer confidence has plunged. This chart shows consumer confidence--going back again to 1999, and coming forward to the most recent data--has gone to the lowest level since February of 1994. So clearly, we are being victimized by a very serious economic slowdown.

We know the economy was weakening before September 11, and that the attack on this country on that date further weakened our economy. And now we see a very serious circumstance develop.

It is critically important that we respond with an economic stimulus package. It is also critical, we believe, that we couple that with long-term fiscal discipline. One part of maintaining long-term fiscal discipline is to maintain the structures in the law that help us to keep in place fiscal discipline. And those are the very things that would be thrown out if this resolution before us is adopted. But we have no alternative but to consider it. Even though the Budget Committee rejected it on a unanimous vote--a totally bipartisan vote--we still understand that if we do not reject it here, it would go into place if the House took similar action and it got to the President and he signed it. I do not believe any of those things will happen. It is not going to pass here. It would not pass in the House. The President would not sign it because it would be a serious policy error.

I know some will say: Gee, why were these procedures put in law? Why is it a requirement that the Budget Committee take it up? Why is it a requirement that it come to the floor under expedited procedures for a vote? The reasons for that are very simple. The concern was, if we got into a serious economic downturn, that there might be a failure to act, that we should not

have any hurdles in the way of Congress acting.

That may not be such a bad thought under certain circumstances. We might find ourselves someday in a situation in which we are being blocked from taking action that the majority of us thought was absolutely necessary for the economy to recover. That is not the case now.

We have seen already a stimulus package pass in the House of Representatives. Although some of us would strongly disagree with that stimulus package, we know we are going to be considering a stimulus package on the floor of the Senate this afternoon. We also know we have already taken bipartisan action to provide \$40 billion of assistance to New York and additional funding for defense and intelligence and the funds and resources necessary to combat terrorism. So Congress has taken rapid action, and has demonstrated the ability to act.

Beyond that, we also recognize that Congress has acted in terms of support for the airline industry which has been so devastated by the events of September 11 and the aftermath.

We know that Congress can act, that Congress is going to take the additional steps necessary to give lift to the economy, but we also know it needs to be in the framework of long-term fiscal discipline. Some of us believe--I certainly do--one of the worst things we could do is to take action on long-term changes in our funding and in our tax structure to respond to an immediate downturn, that that could hurt this country very substantially going forward.

We do not want to deepen the hole we already see developing. We can see very clearly that this country faces a serious fiscal challenge going forward. We have already projected that we will be using literally hundreds of billions of dollars of Social Security and Medicare trust fund money to pay for the other functions of Government. That is a mistake. That is not a route we should go down, but that is where we are headed. And to abandon these fiscal disciplines, in the face of an already serious long-term fiscal problem, would be a very serious mistake.

So, Mr. President, and colleagues, I hope very much that when we vote at 5 o'clock this evening, that this body will follow the leadership of the Budget Committee in rejecting the resolution that would eliminate all of these budget enforcement mechanisms.

Later on this afternoon we are going to consider the Senate version of a stimulus package. As I indicated, on a bipartisan basis, those of us who have the most responsibility for the budget aspects of what we do here--the leaders of the House Budget Committee and the Senate Budget Committee--agreed, on a bipartisan basis, that we should have a stimulus package and we should give lift to the economy in the short term when it is needed, but we should also couple that with long-term fiscal discipline so we do not go deeper into the trust funds of Social Security and Medicare, so we do not put upward pressure on interest rates that could undo all of the good that is attempted to be accomplished by a fiscal stimulus package.

With that, I, again, call on my colleagues to join us in defeating this resolution that is required to be brought before us by the Budget Act, that has already been rejected by an overwhelming bipartisan, unanimous vote in the Senate Budget Committee.

We will have the opportunity to consider that at 5 o'clock this evening. We hope our colleagues in the Senate will join us in a commitment to long-term fiscal discipline.

(Mr. EDWARDS assumed the chair.)

Mr. DURBIN. Will the Senator yield for a question?

Mr. CONRAD. I am happy to yield.

Mr. DURBIN. I thank the Senator. I do not know what the time constraints are for this debate, but I wish to briefly make a point or two. As a former member of the Budget Committee and someone who has followed Senator Conrad as the new Chair of the Budget Committee, I think you have won a deserved reputation for the kind of fiscal discipline which has really helped this country so much in the last 10 years.

We were able to finally break away from the old deficits in the national debt, which was growing at an unprecedented rate. We saw, over the last 8 or 9 years, an amazing convergence of fiscal discipline, creating annual surpluses and a booming economy, two things which I think the American people would applaud, in terms of economic policy, as the most important things we could achieve.

I think the Senator from North Dakota has been outspoken, as have many of my colleagues, in opposition to some of the tax cuts that have been proposed. Although they are appealing to those who might receive them, you have to take a look and see

what they achieve for our economy and what they cost us in the long run.

If I understand the Senator from North Dakota in what he is saying today, it is that, as we try to move toward something that truly moves the economy forward, we should not do it at the expense of the Social Security trust fund, the Medicare trust fund, or long-term deficits. We do not want to see ourselves back into that deficit situation.

I will tell the Senator my concern, and then I will ask him for his response. The House stimulus plan, which gives over \$25 billion to the biggest corporations in America--one corporation, IBM, receiving \$1.4 billion in tax breaks--money that is clearly being given to this corporation, not to build a plant or hire more people but simply as a reward for whatever--and then with the Senate Republican plan, which tries to provide additional tax cuts to the highest wage earners in America--both of these plans will fail to stimulate the economy but will drag us down in terms of future potential deficits.

I would like the Senator, if he could, to contrast what he thinks is the most important effort we can make now to stimulate the economy without driving ourselves back down into deficit.

Mr. CONRAD. Well, I thank the Senator for his question. As I indicated earlier, on a bipartisan basis the House budgeteers and Senate budgeteers agreed to a set of principles to apply to any stimulus package. We did that, and we did it without an angry word exchanged. I applied those principles to what the House package for economic stimulus was. What we found was that it failed every one of the tests we had agreed to apply.

We said the proposal should sunset within 1 year so that we didn't dig the fiscal hole deeper in the outyears. The House bill, unfortunately, fails that principle because 71 percent of its total costs are permanent tax cuts--permanent tax cuts, not temporary measures--designed to lift the economy now, but permanent tax cuts.

Second, we said a substantial portion of the fiscal stimulus should be out within 6 months. If you are going to give stimulus to the economy, you need to do it quickly. In our history, we have found that every time we have tried to use a fiscal stimulus to give a lift to the economy, we have been too late. That is the history. So we said let's not be too late this time, let's get the money out in the next 6 months when we know we face a problem. Unfortunately, looking at the House package, 40 percent of the 10-year cost occurs after the first year. So, unfortunately, it flunks that test.

Third, we said the size should be about \$60 billion. The House bill costs \$160 billion over 10 years. And targeting--we said the stimulus should go to those most likely to spend the dollars and those most vulnerable in an economic downturn. If you look at the House bill, 35 percent of the tax cuts go to the wealthiest 1 percent; 35 percent goes to the wealthiest 1 percent. Now the problem with that is the wealthiest 1 percent are the least likely to spend the money. That is the whole idea of stimulus--to give lift to the economy. Only 19 percent goes to the bottom 60 percent of taxpayers under the House package. They are giving crumbs to those at the lower end of the economic ladder, who are the very ones most likely to spend it.

Every economist who has come before us has said: Look, get money into the hands of people and companies that will spend it. Don't do what the House did. Part of their package, as the Senator from Illinois referenced, would write a \$2 billion check to a major automobile company in America and \$1.5 billion to another large industrial company in this country--not to hire people or to invest, but to just write them a check.

Amazingly enough, so much of their package has nothing to do with the current economic downturn. It has to do with writing checks to wealthy companies and wealthy individuals, and every economist we have talked to has said that can't be taken as a serious stimulus package.

Mr. DURBIN. Mr. President, I ask the Senator this question: When you put it in terms of what they actually do, when you say the Republican approach in the House and Senate favors large corporations and the wealthiest Americans, while the Democratic approach tries to provide a benefit to working families, to those who have been recently unemployed, and to smaller businesses to deal with depreciation, clearly what emerges from this is a question of justice and fairness. Why in the world would you reward a profitable corporation with

over a billion dollars in tax cuts when they don't even promise to create a job? Why would you send a massive amount of tax rebate to somebody making a million dollars a year when, clearly, they are not sacrificing, and then ignore those who are struggling?

That justice and fairness argument is one that we have heard on the floor. I have made it myself. I think most people would react positively to it. We are talking about stimulating the economy, and a question that has to be asked and answered is: Regardless of to whom you give the money, will you get the desired result? If you gave the money to the wealthiest corporations, whether it was fair or not, and America's economy went flying forward, you would say it worked; conversely, if you gave it to those who were recently unemployed, whether it was fair or not, and the economy moved forward, you would

say it worked.

Let me ask about the economic effectiveness of the approach of the Republicans versus the approach of the Democrats when it comes to stimulating the economy.

Mr. CONRAD. I don't think there can really be any question about which approach is going to be more effective from an economic standpoint. What virtually every economist who has come before the Finance Committee and the Budget Committee has told us is the following: No. 1, you need to get the money out there into the hands of people and companies quickly so that it gets spent. That is what will stimulate the economy. So to the extent you are getting money into the hands of people who are the most likely to spend it and companies that are the most likely to spend it, you are getting the job done, you are stimulating the economy.

So with respect to individuals, it doesn't make much sense to give the lion's share of the tax cut to the wealthiest because they are the least likely to spend it. Therefore, they are the least likely to stimulate the economy. With respect to companies, it doesn't make much sense to write billion-dollar checks to companies that are already profitable because, again, they are the least likely to spend the money that will stimulate the economy.

Unfortunately, that is what the House Republican package does, as I have indicated, overwhelmingly. Beyond that, they also suffer from the second part of the equation. The first part of the equation is to stimulate the economy in the short term, give it a boost, a lift. The test is getting money into the hands of individuals and companies quickly who will spend the money. That is the economic test.

On the longer term question, every economist, including Chairman Greenspan and former Secretary Rubin, has told us: But you have to couple that with long-term fiscal discipline. You have to demonstrate to the markets that you are not going to just go out and spend money and undermine the tax base and make our long-term fiscal condition worse, because that will put upward pressure on interest rates and you will undo all of the good you are trying to accomplish with a short-term fiscal stimulus. If you abandon fiscal discipline for the long term, that has the effect of raising interest rates; that has the effect of smothering the economy.

So we have to be smart about this, and we have to adopt two principles: One, yes, stimulate the economy in the short term, but, two, couple it with long-term fiscal discipline so we don't put upward pressure on interest rates and don't undo what we are trying to accomplish.

Mr. DURBIN. Mr. President, I ask the Senator to yield on this question as well: We have focused our discussion this morning on the question of tax policy and the impact of tax cuts on the people or companies that receive them. I want to ask the chairman of the Budget Committee to reflect for a moment on the difference between tax cuts and spending programs at this moment in our economy.

One of my colleagues noted that last night on the television they had the scroll that went across the screen and it said the difference between the economic stimulus package is that the Republicans are for tax cuts and the Democrats are for spending. That certainly doesn't express the contents or the direction of our own stimulus package, which includes tax cuts for working families as well as spending.

Could the Senator reflect on the effectiveness of spending contrasted to tax cuts when it comes to stimulating the economy? What value is there to providing a tax break of \$1.4 billion for a major corporation, as opposed to saying we are going to take \$1.4 billion and invest it in America? As a contrast, President Bush has proposed that to deal with bioterrorism we should give to State and local public health agencies nationwide \$300 million.

That is supposed to respond to our concerns about bioterrorism. I think that is woefully inadequate.

Interestingly enough, the House Republican stimulus package gives \$1.4 billion, almost five times as much, to one corporation, with no promise they will do anything in return.

So will the Senator from North Dakota comment on the use of spending for such things as school modernization, improving law enforcement at airports, protecting our infrastructure, and investing in public health to deal with bioterrorism as an economic stimulus?

Mr. CONRAD. I am happy to. We had a hearing on this before the Senate Budget Committee. We had very distinguished economists from both sides come and give their testimony. It is very clear, both tax cuts and spending can be stimulative.

The first test is: Do they get out in time to be stimulative? That test applies to spending and to tax cuts. The first test is: Do

they get out in time to give lift to the economy when it is weak, No. 1?

No. 2, the question is: Do they go to companies and individuals who will spend the money or invest the money? Because if people save the money, that is not stimulative to the economy in the near term. So that is critically important.

This is not a question of tax cuts versus spending. Our proposal on the Democratic side has a combination of tax cuts and spending, but they are designed to meet both principles, No. 1, that it gets out quickly and, No. 2, that it goes to companies and individuals who will actually spend or invest the money to stimulate the economy.

With respect to tax cuts on the Democratic side, the package of tax cuts we have endorsed include the following: bonus depreciation. Now, why are we doing that? Why are we giving a bonus if one buys capital goods now? If a company makes an investment now to buy equipment, why do we give them a bonus on the depreciation? The reason is, all of the economists who came before us said behavior has to be changed. People who are not buying now have to buy. One way to do that is to give bonus depreciation. Actually, that provision is common in the two approaches, the Republican approach and the Democratic approach.

No. 2, we provide for what we call net operating loss carrybacks so a company that has been hard hit by the events of September 11 and has losses now but had income in previous years can take back the losses now and get a refund against earnings in previous years. That is a provision that is common between the two sides.

The third provision we have is to increase expensing for small businesses. Small businesses that now expense can write off \$25,000 worth of purchases a year. We increase that to \$35,000. Again, that is a provision common to us both.

The fourth tax cut that is in our plan is to provide rebates to those who were left out of the last round. People who pay payroll taxes but not income taxes, they were left out. They did not get anything last time. They are, by the way, the very people most likely to spend the money to actually stimulate the economy.

So those are provisions that are in our bill, that are in the Republican bill as well, with some differences, because both of us recognize those are stimulative.

In addition, we have some spending provisions on homeland security issues. What we are talking about with respect to homeland security is strengthening security at airports, strengthening security at harbors, improving local law enforcement. Those are things the economists have told us may give a double hit. That is, not only will the spending be stimulative but if people are given a greater sense of security and, in fact, improve their security, that will also help the economy, because one thing we are suffering from now is a lack of confidence, a reduction in consumer confidence.

Frankly, people do not feel safe. That is inhibiting air travel. That is inhibiting economic activity. So to the extent we have spending, that stimulates the economy because it is moving into businesses and buying goods and services from them but it also gives people a greater sense of security that may be the most stimulative part of the package according to economists who came before the Senate Budget Committee.

Mr. DURBIN. I might say to the Senator from North Dakota in asking another question, it seems the point he made is critical, and that was reflected in a piece that appeared in the Washington Post over the weekend by Joseph Stiglitz, in which he talked about the impact of anxiety on the economy. At one point he said, "Anxiety impedes investment." Certainly we know that anxiety breeds pessimism. So what we are trying to do in the economic stimulus package, from the Democratic side, as has been described by the Senator from North Dakota, is to provide tax cuts and tax rebates to the people who can use them, who will spend them for the things they need to survive, as opposed to the Republican approach in the House, which is to give tax cuts to corporations with no strings attached, over a billion dollars that might not result in a single new job, perhaps more dividends for the shareholders but no guarantee of a single new job.

So the tax cuts we are for are focused on the people who will spend them effectively to get the economy moving, and then the spending part of our proposal is focusing on homeland security, issues that genuinely concern people, whether we are talking about bioterrorism and making certain we have a response to it or improving and enhancing law enforcement so wherever we might go there will be an adequate response.

Yesterday I was in New York City when the plane crashed. At that point, they closed everything. They closed down the airports. Many of us changed our plans and rushed over to Penn Station to get the Amtrak train back to Washington. Trains were so crowded many of us had to stand the whole way. It was an indication people were concerned, and they responded to that anxiety by changing their habits. Instead of taking the airplane, they came to Amtrak. That sort of thing is happening across America in ways large and small.

Is it the belief of the Senator from North Dakota that in putting investments in this homeland security we are not only stimulating the economy by putting people to work to do the things to improve aviation security but we are also trying to build confidence back in this economy which has been shaken not only by bad economic news but by the news since September 11?

Mr. CONRAD. Precisely. I do not know what could be more clear. There are some on the other side who will stand up and decry spending. I did not hear them decrying spending to increase our military preparedness. I think we are all joined as one, understanding we have to strengthen our military to respond to what is happening. But it is not our uniformed military that is on the front lines of response to this crisis. It is also our firefighters and our policemen and all local law enforcement, and those elements of this fight against terrorism need to be buttressed.

Does anybody doubt we need to add money to fight bioterrorism? Does anybody really believe we are prepared to do all of the things necessary to cope with bioterrorism? I do not believe there is a single Member who can possibly believe we do not need to spend more money to protect ourselves against anthrax and smallpox and all the other things that could be used as weapons against this Nation.

Now, that happens to give a double hit. Not only is that spending stimulative to the economy because it buys goods and services; it also provides people greater protection, and we need to do that. We need to strengthen national defense. We need to strengthen law enforcement. We need to strengthen our ability to wage war against those who would engage in terrorist attacks against us.

Yes, that is spending but it is spending for a purpose, and it is an important purpose.

Mr. REID. Will the Senator from North Dakota, the manager of this bill, yield for one question? I will be brief. The Senator has about 15 minutes.

Mr. CONRAD. I am happy to yield to the Senator from Nevada.

Mr. REID. I have heard the Senator from North Dakota and the Senator from Illinois speaking about security and how people feel. I think something that would not cost any money but would be good for the economy is do something about airline security, which has been floating around now for more than a month.

We had the terrible incident September 11, with over 6,000 people killed. We had this terrible accident.

This bill is being held up because they don't want people to have the same protection as the firemen and police who lost their lives in New York protecting innocent people.

Do you think it would create economic security if we had airline security?

Mr. CONRAD. Again, I don't know what could be more clear. What some are endorsing is a continuation of the policy that failed catastrophically on September 11. Some would say that system is good enough; stay with the status quo and have some of these same private contractors, who have failed abysmally, continue.

We saw an incident with one of the companies in Chicago where a guy got on board with seven knives and a stun gun. That system is not working. I don't know what could be more clear. We need tighter airport security. That costs money, but it is an expenditure that we need to make. Yes, it will stimulate the economy. More than that, it will provide greater security to the American people.

As chairman of the Budget Committee, I have had many people come to me with things that need to be done to strengthen local law enforcement, strengthen our national defense, strengthen protection of our borders through the Border Patrol. Those need to be done. We need to do a better job of policing those who come into our country with visas. Right now people come and say they will go to school and nobody checks to see if they showed up at school.

One terrorist who engaged in the attack on September 11 was scheduled to go to a school and never showed up. We have no system for tracking to find out if somebody doesn't show up, why they didn't show up. That costs money. That also will strengthen the security of this country. I yield the floor.



Mr. CONRAD. Mr. President, let me thank the Senator from Texas for his support of the position on the low-growth suspension of the budget points of order. He is a respected member of the Senate Budget Committee, and he joined us in our recommendation to our colleagues that we disapprove the resolution that would abandon the provisions that help us maintain fiscal discipline. I thank him very much for that.

When the Senator says we have been on a spending binge--if we have, he has been part of it. I have gone back and looked at the votes. On the emergency supplemental appropriations bill that provided \$40 billion to respond to the attacks on this country, that vote was unanimous. The Senator from Texas joined on that vote to support \$40 billion to respond to the attacks and help rebuild and repair those things destroyed. On the air transportation safety and system stabilization to rescue the airline industry that was faced with imminent collapse, the Senator from Texas voted for that, too. Those are the only two things we have passed that are over and above what was agreed to by Republicans and Democrats with respect to the spending provisions for this year.

So when he says we are on a spending binge, let's get this straight. Every Member, with the exception of one in this entire body, voted for the spending we have done in response to the sneak attack on the United States--every single Member, with the exception of one. That one was not the Senator from Texas.

Let me also indicate, in the Senate provision, the stimulus package the Senate has put forward that we will be considering this afternoon, \$5.5 billion of that \$67 billion package is for agricultural economic emergencies. The Senator from Texas ridiculed some of them. They are easy to ridicule. The Washington Post over the weekend, on Sunday, in a column of theirs, ridiculed one of the provisions of which I am a prime mover and a prime supporter. I take this moment to explain what that provision is about and let people judge for themselves: Does it have merit or doesn't it? I believe it does.

Out of a \$67 billion package, there are some \$200 million for commodity purchases, the purchase of commodities for school lunch programs and for other feeding programs. This is typically what we do in a stimulus package. At a time of economic downturn, more people can't feed themselves, they can't feed their families, so we typically buy commodities to strengthen the feeding programs we have in this country. That is a compassionate thing to do. That is the right thing to do. It should not be ridiculed by a Senator or the Washington Post or anybody else. It is the right thing to do.

Let's talk about this provision for the purchase of bison, buffalo--whatever people are calling them. In this commodity program, to buy \$200 million of commodities, there is \$10 million to buy bison. Why? No. 1, it is probably the most nutritious meat anybody can eat because it is low in fat, high in protein, and it goes very well in our feeding programs--\$10 million. But it has an added benefit because the bison industry is flat on its back. It is about to go broke. That will jeopardize thousands of families who are dependent on the bison industry to strengthen their agricultural operations.

I know it is so easy to ridicule these provisions. The Washington Post regularly ridicules anything for farmers because all they can see is that in every farm program there are some who are wealthy people who benefit. I agree with them, that is wrong. I wish we had much stricter payment limitations. I introduced a bill with the most strict payment limitations anybody has ever introduced, but it did not pass. And they are focusing on the exception rather than the rule.

If they would go to my State, they would find--are there some abuses? Yes. Are there some wealthy people who get farm program benefits? Yes. I wish it didn't happen. But do you know what else they would find? The vast majority of farm families in my State are struggling, they are in deep trouble. Farm prices in real terms are the lowest they have been in 50 years. More than that, in the last month the prices farmers received went down 9.5 percent, the biggest 1-month drop since they started keeping records 91 years ago.

There is a crisis in agriculture. There is a crisis in rural America. Farm families are going under by the thousands. If we do not act and we do not respond, it will get much worse. They can ridicule all they want and go to their cocktail parties here in Washington and believe they really have the moral high ground because they ridiculed spending for feeding programs for people who are hungry and to support hard-working farm families who are on the brink of going under, they can feel smart and smug--go ahead. They are wrong. They are not being very thoughtful.

To suggest somehow this was related to lobbyists--that was the essence of the story in the Washington Post, that lobbyists are writing this stimulus bill. I agree with them with respect to a lot of what I see in the House stimulus bill. That has been well lobbied. But \$10 million to buy food for our feeding programs from farmers who are going under? I have not seen a single lobbyist in this town working for the bison industry. I have not seen one. Not one has come to me--not one. There is no bison industry pact of which I am aware.

When people get smart and smug and ridicule--it is easy to ridicule, really easy. But I don't think it is very smart and I don't think it is very compassionate to ridicule putting money into an economic stimulus package to buy commodities to help hungry

people and to help farm families who are going under. I don't see that as very smart, and I don't see that as very compassionate.

I yield the floor.

The PRESIDING OFFICER. If no one yields time, time will be charged equally to both sides.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

Mr. CONRAD. Mr. President, let me go back to what this larger discussion is about and the resolution that is before us.

When we are faced with two consecutive quarters of growth below 1 percent, the Budget Act then requires that the Senate Budget Committee consider a resolution which would eliminate all of the budget protections--all those things we use to maintain fiscal discipline. That has happened. The last two quarters have been below 1-percent growth. So we have before us the resolution to eliminate the budget protections.

The Senate Budget Committee met and on a bipartisan basis rejected the notion of abandoning all of our budget protections--those approaches we use to maintain fiscal discipline. We rejected it and sent what is called the resolution of disapproval to the Senate by a vote of 22-0.

Now the Senate has to vote because there are expedited procedures that bring these provisions to the floor. We will vote at 5 o'clock. The vote will be: Do we set aside the budget points of order that allow us to maintain fiscal discipline? Do we set those aside for the next 2 years? The Budget Committee has said no. I hope the Senate in a resounding way says no this afternoon at 5 o'clock. That is what we have done in the past.

In 1991, when we had a similar circumstance, the Senate Budget Committee rejected the idea and reported unfavorably abandoning fiscal discipline 21-0. The Senate vote was 97-2 against giving up those budget points of order and those protections for fiscal discipline.

Later that year, a second low-growth resolution came before the Senate Budget Committee. It was rejected 21-0. The Senate rejected it 92-5.

In September, again, there was a low-growth resolution. The Senate Budget Committee rejected abandoning fiscal discipline on a vote of 19-2. The Senate rejected it on a vote of 88-8.

Once again, because the economy has been growing at less than 1 percent, this automatic resolution has come before the Budget Committee and has come before the Senate. The question is, Do we eliminate all of those budget points of order that help us to maintain fiscal discipline? The Senate Budget Committee has acted saying no on a vote of 22-0. They voted out a disapproval resolution. Now the full Senate is going to have its chance to register its opinion at 5 o'clock this evening.

I hope that we reject it unanimously and send a clear message to the country and to the market that we intend at the same time we provide fiscal stimulus and a short-term lift for this economy to also maintain long-term fiscal discipline and the integrity of our trust funds.

Mr. NELSON of Florida. I compliment our chairman of the Budget Committee for the leadership he has given us and how steadfast he has been to be conservative in his outlook and his projections on what we should do with the projected budgetary surplus. It was the Senator from North Dakota, our chairman, who kept saying earlier this year: Watch out. These budget projections are too rosy. The budget, as projected over the next 10 years, is going to be considerably less.

Isn't it astounding that before September 11 the debate was over the use of the surplus and whether to pay down or pay off the national debt over a 10-year period. Now we find ourselves in a shrunken surplus with a wartime condition.

I also extend my compliments to the ranking member, our dear friend, the Senator from New Mexico.

The point I want to make is how quickly the landscape shifts--that before September 11, if the Senate had taken the advice of the chairman of the Budget Committee, what we would have done would have been very conservative in our approach as to how we were going to use the projected surplus. We wouldn't have frittered a lot of it away.

As the Senator from North Dakota has pointed out, that surplus was very likely to, if not disappear, be reduced. With the events of September 11, which put us on a wartime footing with new expenditures we had not planned on, combined with the diminished surplus--we were planning back in the summer to use the surplus to pay off the national debt. That is not even in the cards. Indeed, what is happening is the surplus that is left--the surplus in the Social Security trust fund--is going to be used up for other things to the point that we are facing the prospects of deficit financing, which is spending more than we have coming in in tax revenue in any one given year. That, of course, adds to the national debt.

How sad it is that we did not take the advice of the chairman and be conservative in the way that we were going to plan our spending and our tax cuts for the next decade so that we would have a greater cushion when the emergency came, as surely as it was going to come, only it came sooner than we thought; it came on September 11.

I thank the chairman for his leadership and for his knowledge about what this Nation is facing fiscally.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. I thank the Senator from Florida, who is a very valued member of the Senate Budget Committee and also throughout his career has been dedicated to fiscal discipline.

We did make some mistakes earlier this year, unfortunately, collectively, in going too far, I believe, on the tax cut package in the face of a very optimistic set of forecasts but a set of forecasts over a 10-year period that I think almost anybody could have anticipated was unlikely to ever come true. We tried to warn our colleagues repeatedly that it was unlikely to come true; that you could not trust a 10-year forecast, that it was filled with risks, that it was filled with uncertainty, and we ought to be cautious.

Unfortunately, caution was thrown to the wind, and as a result we now face a circumstance where we will have budget deficits in this fiscal year, and perhaps for several years thereafter, and for the next 10 years we will see all of the Medicare trust fund money being used to fund the other operations of Government and a very substantial portion of the Social Security trust fund being used to fund the other operations of Government. That should not be done. That is a mistake.

We will regret it when the baby boomers start retiring in 10 years because, unfortunately, we had a budget in place before September 11 that did not add up, and now it is even further off in the red because of the tragic events of September 11 and the aftermath.